

ITALIAN TANNING INDUSTRY 2017 RESULTS (partial)

According to the latest data released by UNIC (Italian Tanners' Association), in the first 9 months of 2017 the Italian tanning industry showed a **total production growth** of about 3% in volume and a "positive stability" in value (+0.6%).

The trend during the second half of the year only registered a partial improvement in the economic indicators compared to the first semester 2017.

In detail, as far as the **main production segments** are concerned, it emerges that the overall positive sign is linked to the good sales results of medium-large bovine and goat leathers, the latter ones in a much lesser extent. Declining results for total calf leather turnover (with some recovery in the last months of the period concerned) and for the sheep segment. From a **destination sectors** perspective, there is still a good demand trend for car interiors leathers, together with a substantial positivity of furniture materials. Orders from fashion customers are spotty: sales to leather goods manufacturers are generally confirmed as brighter than footwear ones, with a persistent attention to price levels.

The total value of Italian leather **export** also recorded a very slight increase (+0.7%). Among the main destination countries, it is worth mentioning the upward return of Italian shipments to the Chinese area, which grew strongly (+7%) after a difficult two-year period. Still positive results in the United Kingdom (+7%) and Vietnam (+14%), while flows to the US appear unchanged, after seven years of continuous increases. The EU continental market looks less bright. With the only positive exception of France (+1%), exports to Spain (-7%), Germany (-4%), Poland (-7%) and Portugal (-3%) decreased. Moreover, downward tendency for the shipments to Romania, Tunisia, Bulgaria and Serbia; risings for Albania, Czech Republic and Hungary.

The contribution of foreign markets has been for a long time a major factor for Italian leather sales. In recent years, it has exceeded 75% of total turnover of the Italian tanning sector, while in 1992 the share was equal to 35%. Foreign shipments reach an average of 125 Countries each year, for a total value of around 4 billion €ur; according to the most recent UN-WTO data, 26% of the world trade in finished leather originated in Italy.